



# Federal Employees Health Benefits Program: The Basics

*Working for America*

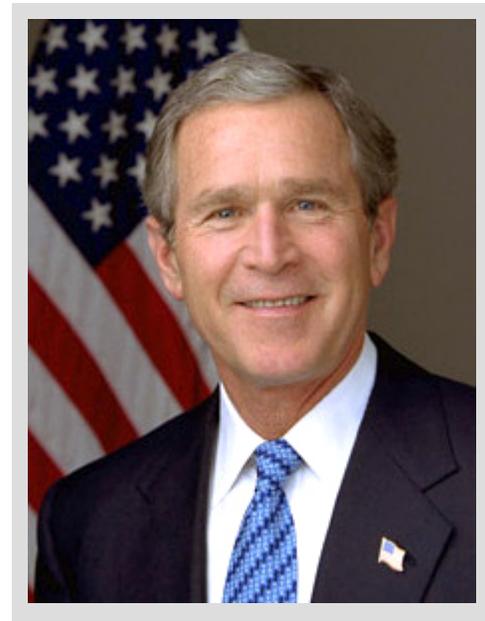
UNITED STATES OFFICE OF PERSONNEL MANAGEMENT



# Message from the President

*“All Americans should be able to choose a health care plan that meets their needs at affordable prices.”*

**- George W. Bush**



# Message from the Director



*“The FEHB Program, which covers over eight million participants, continues to be an enviable National model that offers exceptional choice, and uses private-sector competition to keep costs reasonable, ensure high quality care, and spur innovation.”*

**- Kay Coles James**

# Introduction

- Law enacted September 28, 1959
- The Federal Employees Health Benefits Act (FEHBA) became effective 1st pay period that began on or after July 1, 1960
- 190 plans in the FEHB Program
- 8 new HMO plans have been approved for 2005
- Plus new for 2005, High Deductible Health Plans/ Health Savings Account (HDHP/HSA)
- Administered by OPM



# Introduction (cont'd)

- Over 4 million enrollees
  - 2.2 million employees
  - 1.8 million retirees, surviving spouses, other
- More than 8 million lives
- \$24.8 billion in annual premiums



# OPM Responsibilities

- Approve/disapprove carrier participation in FEHB Program
- Contract with carriers for health plans
- Negotiate benefit and rate changes
- Approve the text on benefits for brochures
- Publish regulations, informational material, and forms
- Prepare open season materials
- Audit carriers



# OPM Responsibilities (cont'd)

- Maintain the Employees Health Benefits Fund
- Make final determination of the applicability of FEHB Law
- Study/evaluate the operation and administration of FEHB law and plans, and report to Congress
- Provide guidance to agencies
- Resolve disputed health benefits claims
- Serve as employing office for annuitants and survivor annuitants



# Agency Responsibilities

- Designate a Benefits/Insurance Officer
- Provide eligible persons with information about FEHB Program
- Ensure employees have free choice among plans
- Determine eligibility
- Review enrollment reconsideration requests
- Ensure elections forms are properly completed



# Agency Responsibilities (cont'd)

- Process health benefits actions and determine proper effective dates
- Determine capability of self-support of children over age 22
- Stock and distribute FEHB forms and literature
- Account for and remit premiums
- Maintain and certify necessary records
- Reconcile enrollment records with carriers



# Carrier Responsibilities

- Adjudicate claims of, and provide medical services to, enrollee and covered family members
- Typeset, print, and distribute brochures
- Furnish a plan identification card to each enrollee
- Reconcile enrollment records with payroll offices
- Reconsider disputed claims



# Carrier Responsibilities (cont'd)

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- Maintain financial and statistical records and report on plan operations
- Develop and maintain effective communication and control tools



# Types of Plans

- Fee-for-Service (FFS)
- Health Maintenance Organizations (HMOs)
- HMO with a Point-of-Service product
- Consumer Driven Healthcare Plan
- High Deductible Health Plan/Health Savings Account



# Fee-For-Service Plans

- Available nationwide
- Enrollees usually pay deductibles and coinsurance
- Enrollees allowed to use any doctor or hospital
  - Use of the Preferred Provider Organization (PPO) Network costs less
- Enrollees/providers file claims unless they use PPOs



# Preferred Provider Organizations (PPO)

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Network of hospitals or providers

- Discount fee arrangements with plan
- Lower out-of-pocket expenses
- Most fee-for-service plans have PPOs



# Employee Organization Plans

- “Open” employee organization plans
- “Closed” employee organization plans
- No additions unless the law changes



# Health Maintenance Organizations (HMO)

- Plans operate in a particular geographic area (service area)
- Enrollee must use plan providers to receive benefits
- Enrollee usually has copays
- No claims filing



# HMO (cont'd)

- FEHB law sets no limit on number of HMO plans
- OPM required to contract with any HMO qualified by HHS that meets Program requirements



# Point of Service (POS)

- A product offered by an HMO that has both in-network and out-of-network features
- Enrollees can use providers who are not part of HMO network (more costly)



# Consumer Driven Healthcare Plan

- Health plan with a higher deductible and a health spending account
- Enrollees use accounts to pay for traditional health services and additional procedures
- When funds in the account are exhausted, a deductible must be met before traditional health insurance coverage becomes effective



# Consumer Driven Healthcare Plan

- For 2004, APWU, Humana, and Aetna offer this type of plan
- Service/enrollment area for Aetna's Consumer Driven Healthcare Plan differs from service/enrollment area for Aetna's HMO



# New Plans in the Program

- No new FFS plans allowed
- Annual application period for HMOs
- Plans apply in January for participation in next calendar year



# Types of Enrollment

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- Self only
- Self and Family



# FEHB Website

- [www.opm.gov/insure/health](http://www.opm.gov/insure/health)
  - FEHB Law: 5 U.S.C. Chapter 89
  - FEHB Regulations: 5 CFR Part 890
  - FEHB Handbook
  - Frequently Asked Questions
  - FEHB Guides
  - Plan Brochures
  - Links to other sites



# OPM Website

- [www.opm.gov/asd](http://www.opm.gov/asd)
  - Benefits Administration Letters (BAL)
    - 200 series FEHB BALs
    - 400 series FEHB Open Season BALs
    - 300 series Payroll Guidance
  - Agency Benefits Officers Listing
  - Forms
    - SF 2809
    - SF 2810



# Insurance Services Programs

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Agency Headquarters Benefits Officers may call the Insurance Services Programs information staff at:

**(202) 606-0745**

and will be connected with an Information Specialist



# FEHB Law

- Title 5 U.S. Code, Chapter 89 Health Insurance
- Employing office will refer to these sections:
  - 8901. Definitions
  - 8905. Election of Coverage
  - 8905a. Continued Coverage
  - 8906. Contributions
  - 8906a. Temporary Employees



# FEHB Regulations

- Code of Federal Regulations, Part 890
- Regulations further expand the law
- OPM cannot change anything included or prohibited in the law. Examples:
  - Coverage for children over age 22
  - Contracting for Dental and Vision Plans
- Employing office will refer to these subparts A, C, D, E, G, H, and K
- Refer to Part 892 for information about Premium Conversion



# FEHB Handbook

- On the FEHB website

<http://www.opm.gov/insure/handbook/fehb00.asp>

- Gives the information from the employee's perspective



# Frequently Asked Questions

- On FEHB website
- Questions are the subject areas that ISP staff respond to most often by phone and email
- Some of the topics are:
  - Benefits
  - Changing health plans
  - Continuing FEHB coverage into retirement
  - Coverage for family members
  - Divorce
  - Enrollment
  - Open Season



# Contact Information

For more information  
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